

STATE OF CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
INVESTMENT COMMITTEE  
  
DELEGATION RESOLUTION

Subject: Professional Staff  
Global Equity

Delegation No: 07-03-INV

WHEREAS,

1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the Board) is charged with the administration and management of the California Public Employees' Retirement System (CalPERS), and
2. In accordance with Government Code section 20171, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund (the Fund), and
3. In accordance with Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of CalPERS assets, and
4. In accordance with Government Code section 20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may through express delegation authorize any such committee to act finally, and
5. In accordance with Government Code section 20099, the Board may authorize its Chief Executive Officer (CEO) to perform any act within the power of the Board itself to perform, and may through express delegation authorize the CEO to act finally, and
6. The Board has adopted a Statement of Governance Principles relevant to the granting of delegations, and
7. Through Board Delegation Resolution No. 89-01 and pursuant to Government Code section 20191, the Board delegated to its Investment Committee the authority to make, through final action and by the affirmative vote of at least seven members, any investment authorized by law, and to re-delegate its authority to others, and

8. Through Board Delegation Resolution No. 04-05-BD and pursuant to Government Code section 20191, the Investment Committee re-delegated to its Policy Subcommittee the authority to draft new policies and recommend modifications to existing policies to the Investment Committee, provide periodic reports to the Investment Committee, and make other necessary or appropriate recommendations to the Investment Committee, and
9. Through Board Delegation No. 95-101, the Board has delegated to the CEO principal authority and responsibility to direct and manage staff to execute the policies adopted by the Board and administer the various programs consistent with the policies, and to re-delegate to others, and
10. The Board and its committees retain the implied authority, pursuant to Government Code section 20099, to re-delegate their authority directly to the Chief Investment Officer (CIO) and Senior Investment Officers and such re-delegations are deemed to have been made through the CEO and the CIO.

RESOLVED,

- (A) Recognizing the respective roles of the CEO as the internal leader of the organization and the CIO as the principal investment expert, and yet also wishing to gain the full benefit of the unique global equity expertise of the Senior Investment Officer (SIO)-Global Equity, the Investment Committee hereby delegates to the CIO and -SIO-Global Equity, the authority described in the attached Global Equity Delegations (the "Delegations").
- (B) Where such Delegations do not prohibit sub-delegation, the CIO and the SIO-Global Equity is authorized to re-delegate to his or her responsible subordinates any portion or all of the responsibility delegated to the CIO and the SIO-Global Equity.
- (C) Where such Delegations do not specifically require the Investment Committee's review or ratification prior to action, the CIO or the SIO-Global Equity has the authority to act finally, and to re-delegate, and will be responsible and accountable for his or her actions.
- (D) The exercise of authority under the Delegations shall be reported to the Investment Committee in sufficient detail to keep the Investment Committee appropriately informed and in order for the Investment Committee to monitor the performance of the CIO and the SIO-Global Equity.

(E) Upon adoption by the Investment Committee ~~all this~~ Delegations will expressly ~~supercede~~supersede all prior delegations to the SIO-Global Equity.

(F) It is understood that the Global Equity Delegation and the grant of authority are created with the intent to fully comply, in letter and in spirit, with all federal and state laws and regulations, as well as CalPERS Policies and procedures as approved by the Investment Committee or the full Board of Administration.

\_\_\_\_\_  
GEORGE DIEHR  
CHAIR, INVESTMENT COMMITTEE  
BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM

I accept this delegation.

Dated: \_\_\_\_\_

\_\_\_\_\_  
JOSEPH A. DEAR  
CHIEF INVESTMENT OFFICER  
INVESTMENT OFFICE  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM

I accept this delegation.

Dated: \_\_\_\_\_

\_\_\_\_\_  
ERIC BAGGESEN  
SENIOR INVESTMENT OFFICER-GLOBAL EQUITY  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM

~~Eric Baggesen was appointed Senior Investment Officer effective May 27, 2008.~~

## Global Equity Delegations

Within each of the following subject areas (as shown in *italics*), the Investment Committee delegates (as shown in **bold**) the following authority to the CIO and the SIO-Global Equity:

### *I. Authority to Allocate Assets*

*A. Authority to Establish Asset Classes and Asset Allocation (Targets and Ranges) for the Total Fund  
(No Delegation)*

*B. Authority to Establish Programs/Sectors Within an Existing Asset Class*

1. **To establish new investment strategies and programs within the Developmental Investment Fund as set forth in policy approved by the Investment Committee.**

Developmental Investment Fund Program Policy, Section V, A, 3, b, d

*C. Authority to Make Allocation Decisions Within the Asset Class and Among Programs/Sectors*

1. **To allocate up to 0.50% of Global Equity assets into new investment process portfolios within the Developmental Investment Fund as set forth in policy approved by the Investment Committee.**

Developmental Investment Fund Program Policy, Section V, A, 3, b, d

2. **To allocate assets between Domestic and International Equity, Passive, Enhanced & Active and Alternative investment programs as set forth in policy approved by the Investment Committee.**

Global Equity Sub-Asset Class Allocation Ranges Policy, Section V

Corporate Governance Program Policy, Section III, A, 4

~~Risk Managed Absolute Return Strategies Program Policy, Section III, A, 2~~

3. **To allocate capital within the Corporate Governance Co-Investment program as set forth in policy approved by the Investment Committee.**

Corporate Governance Investments Policy, Attachment B, Section II, B, 2, e

- a. **A maximum of 0.25% of Global Equity assets or an amount equal to CalPERS' capital invested in a co-investment partner's primary governance fund, whichever is greater, may be allocated in total to co-investments with a partner.**

~~4. To allocate capital to absolute return fund investments within the RMARS program as set forth in policy approved by the Investment Committee.~~

~~Risk Managed Absolute Return Strategies Program Policy, Section III, A, 2~~

- a. ~~Investment in a single absolute return fund, or fund-of-funds, may be up to 8% of the RMARS program assets or up to 10% with CIO approval.~~

~~5.4. To allocate capital to the emerging manager program, consisting of the Manager Development Program (MDP I & MDP II) and emerging manager fund-of-funds, from 1% to 5.00% of Global Equity assets, as set forth in policy.~~

~~Global Equity Sub-Asset Class Allocation Ranges Policy, Section V, B, 3~~

~~6.5. To allocate capital to equity based environmental strategies up to 2.00% of Global Equity assets, as set forth in policy.~~

~~Global Equity Sub-Asset Class Allocation Ranges Policy, Section V, B, 2~~

*II. Authority to Make Investment Decisions*

*A. Authority to Directly Invest In and Dispose of Public Securities*

- 1. **To transact in equity securities of global, publicly traded companies, equity and stock index derivatives, currency and short term investments as set forth in policy approved by the Investment Committee.**

Internally Managed Affiliate Equity Index Fund Policy, Section III, A, 1, 5, & V, C  
Internally Managed Global Enhanced Equity Strategies Policy, Section III, A, 1, 5, V, E

Internally Managed Global Equity Index Funds Policy, Section III, A, 1, 5, & V, D  
Developmental Investment Fund Program Policy, Section III, A, 1; Attachment A, Section, C

Corporate Governance Investments Policy, Section III, A, 1; Attachment B, Section II, B, 2, e

*B. Authority to Select, Commit Funds to, and Dispose of/Exit Investments in Private Investment Vehicles*

1. **To select and allocate capital to Corporate Governance Funds, including taking an equity stake, as set forth in policy approved by the Investment Committee.**

Corporate Governance Investments Policy, Section III, A, 1; Attachment A, Section II, A, 2, 5; B, 1, 3

- a. **Up to 0.25% of Global Equity assets may be committed to an initial or subsequent investment to an individual Corporate Governance Fund or Corporate Governance Emerging Market Fund.**

2. **To allocate capital within the Corporate Governance Co-Investment program as set forth in policy approved by the Investment Committee.**

Corporate Governance Investments Policy, Attachment B, Section II, B, 2, e; G

- a. **A maximum of 0.25% of Global Equity assets or an amount equal to CalPERS' capital invested in a co-investment partner's primary governance fund, may be allocated to co-investments with a partner.**

- ~~3. **To allocate capital to absolute return fund investments within the RMARS program as set forth in policy approved by the Investment Committee.**~~

~~Risk Managed Absolute Return Strategies Program Policy, Section III, A, 2~~

- ~~a. **Investment in a single absolute return fund may be up to 8% of the RMARS program assets or up to 10% with CIO approval.**~~

- ~~4.3. **To allocate capital to MDP firms, including the option of taking an equity stake.**~~

*C. Authority to Directly Invest In and Dispose Of Private Securities*

1. **To transact in private securities representing a CalPERS equity stake in a Corporate Governance or MDP manager.**

Corporate Governance Investments Policy, Attachment A, Section II, B, 3  
Manager Development Program I and II (MDP) Policy and Manager Transition Policy, Section II

*D. Authority to Fund Investment Managers Retained through a Contractual Arrangement (pursuant to public contracting process)*

1. **To fund equity based managers as set forth in policy approved by the Investment Committee.**  
Externally Managed Strategies, Section V, B and subsequent attachments
2. **To fund managers retained to create fund-of-funds of emerging long-only equity managers as set forth in policy.**
3. **To fund equity based environmental managers as set forth in policy.**

*E. Authority Relating to Shareowner Resolutions and Proxy Execution*

1. **To vote proxy issues in compliance with CalPERS' Global Proxy Voting Principles for global equity securities.**  
Global Proxy Voting, Section IV, A, 2
2. **To respond to corporate actions as set forth in policy approved by the Investment Committee.**  
Developmental Investment Fund Program Policy, Attachment A, Section E  
Internally Managed Affiliate Equity Index Fund Policy, Section V, D  
Internally Managed Global Equity Index Funds, Section V, E  
Internally Managed Global Enhanced Equity Strategies, Section V, F

*III. Authority to Make Contracting Decisions*

*A. Authority to Select and Terminate Investment Managers (obtained through public contracting process)*

1. **To terminate an external manager.**  
Monitoring Externally Managed Portfolios Policy, Section V

*B. Authority to Select and Terminate Investment Consultants Other than the Board's Investment Consultants*

- ~~1. **To evaluate and select Absolute Return Fund Strategic Partners as set forth in policy approved by the Investment Committee.**~~  
~~Risk Managed Absolute Return Strategies Program Policy, Section III, A, 2~~

- ~~2.1.~~ **Staff may establish a Global Equity "spring-fed pool", consisting of consultants, tools and data, to meet program needs.**